

Corporate governance report and declaration on corporate governance

Commerzbank has always attached great importance to corporate governance, in the sense of responsible and transparent management and control aimed at sustainable value creation. That is why we – the Supervisory Board and the Board of Managing Directors – expressly support the German Corporate Governance Code and the goals and objectives it pursues. Even at the time of publication of the German Corporate Governance Code, Commerzbank's Articles of Association and the rules of procedure for the Board of Managing Directors and Supervisory Board largely complied with its requirements. Wherever this was not yet the case, they were continuously adjusted to meet the regulations of the German Corporate Governance Code. The Articles of Association and the rules of procedure are available on the Internet.

Commerzbank's corporate governance officer is Günter Hugger, Divisional Board Member Group Legal. He is the point of contact for all corporate governance issues and has the task of advising the Board of Managing Directors and the Supervisory Board on the implementation of the German Corporate Governance Code and reporting on its implementation by the Bank.

In accordance with section 3.10 of the German Corporate Governance Code, we report below on corporate governance as practised at Commerzbank. This report also includes the declaration on corporate governance in accordance with Art. 289a of the German Commercial Code (HGB).

Recommendations of the German Corporate Governance Code

The Bank declares every year whether the recommendations of the Commission regarding conduct have been and are being complied with, and explains which recommendations are not being implemented and the reasons why. This declaration of compliance by the Board of Managing Directors and the Supervisory Board is published on the Commerzbank website (<http://www.commerzbank.com>). There is also an archive of all the declarations of compliance made since 2002. The current declaration was made on 7 November 2012.

Commerzbank complies with virtually all of the recommendations of the German Corporate Governance Code; it deviates from them in only a few points:

- Section 4.2.1 of the Code recommends that rules of procedure should regulate the activities of the Board of Managing Directors, including the allocation of responsibilities to its members. The Board of Managing Directors has adopted rules of procedure with the approval of the Supervisory Board. However, the Board of Managing Directors determines



› German Corporate Governance Code

www.corporate-governance-code.com

› Articles of Association of Commerzbank Aktiengesellschaft

www.commerzbank.de > Investor Relations > Corporate Governance > Articles of Association

› Rules of procedure of the Board of Managing Directors

www.commerzbank.com > Group > Management > Board of Managing Directors

› Rules of procedure of the Supervisory Board

www.commerzbank.com > Group > Management > Supervisory Board



› Declaration of Compliance

www.commerzbank.com > Investor Relations > Corporate Governance

the allocation of duties among the individual Board members itself, outside of the rules of procedure. This provides it with the requisite flexibility if changes are needed, thus ensuring an efficient division of responsibilities. The Supervisory Board is informed of all changes, and is thus included in the process. The rules of procedure for the Board of Managing Directors and the specific responsibilities of the various members of the Board of Managing Directors are published on the Commerzbank website.

- In relation to the remuneration of the Board of Managing Directors, section 4.2.3 (3) sentence 3 of the Code recommends that there should be no subsequent changes to goals or the parameters for determining the variable remuneration components. In implementation of legal provisions giving the Board of Managing Directors or the Supervisory Board the opportunity to agree measures to limit variable remuneration in the event of extraordinary developments, the Commerzbank Supervisory Board is entitled to adjust the goals and other parameters for determining variable remuneration components in the case of extraordinary developments, to reasonably neutralise any positive or negative repercussions on the achievability of the goals. It is not possible to implement limiting measures as envisaged by the legal provisions when it comes to goal achievement at Commerzbank, because the predominantly mathematical basis for determining goal achievement largely excludes any adjustment. Moreover, since the assessment period for the variable remuneration component of the Board of Managing Directors lasts up to four years and the goals for this period must be determined in advance, the established method by which the Supervisory Board can adjust these goals is appropriate for this purpose.
- Section 4.2.3 of the Code recommends that any agreed payments in the event of premature termination of the contract of a member of the Board of Managing Directors due to a change of control must not exceed 150% of a severance pay cap (equal to two annual salaries, including additional benefits). The employment contract of one member of the Board of Managing Directors still contained a change of control clause without a severance pay cap pursuant to section 4.2.3 (5). This change of control clause became invalid on 31 March 2012 at the end of the term of office of the member concerned. Since then, none of the employment contracts of the members of the Board of Managing Directors has contained a change of control clause.
- According to section 5.4.6 (2) sentence 2 of the Code, where the members of the Supervisory Board are granted performance-related remuneration, this should be based on long-term corporate development. In addition to fixed remuneration, the members of the Supervisory Board of Commerzbank receive a variable bonus of €3,000 for each €0.05 of dividend in excess of a dividend of €0.10 per share distributed to shareholders for the financial year just ended. No dividend was paid to shareholders for the 2011 financial year, so no performance-related bonus was paid to the members of the Supervisory Board either. In 2013 the remuneration rules for the members of the Board of Managing Directors and the Supervisory Board are due to be thoroughly reviewed and revised if necessary.

Within the scope of their respective responsibilities, the Board of Managing Directors and Supervisory Board of Commerzbank will ensure that greater attention is paid to diversity, and particularly to efforts to achieve an appropriate degree of female representation, in the composition of the Board of Managing Directors, appointments to managerial positions at the Bank and with respect to proposals for the election of members of the Supervisory Board (sections 4.1.5, 5.1.2 and 5.4.1 of the Code), as well as the composition of other committees.

The Board of Managing Directors initiated the “Women in management positions” project in 2010. The aim is to ensure a strong management team for Commerzbank and harness all the talent available. In-depth analyses produced a detailed picture of the initial situation. Specific measures were then developed and implemented on this basis with the aim of increasing the proportion of women in management positions. The Board of Managing Directors is informed every six months of progress made in implementing these measures and changes in the number of women in management positions. The long-term, compulsory implementation of the measures is being supported by including them in the individual target agreements of senior managers. The “Women in management positions” project aims to increase the proportion of women in senior management positions.

In addition, Commerzbank is helping staff combine family life with a career by providing company-sponsored childcare and the “Comeback Plus” programme to help people return to work after parental leave. Commerzbank offers a comprehensive range of assistance with childcare, consisting of an advisory service, childcare places and childcare allowances. The “Kids & Co.” day care centre in Frankfurt has been open since 1 June 2005. “Kids & Co.” has a crèche (for children aged 9 weeks to 3 years), a kindergarten (age 3 to school entry), and an after-school club which was introduced in 2011. Since 2010, staff have been able to use crèches – and since 2012 also kindergartens – at a total of 20 different childcare facilities throughout Germany. Commerzbank Aktiengesellschaft makes a significant financial commitment to supporting these arrangements, and currently offers a total of around 280 childcare places. The aim is to increase this to 340 places by the end of 2013. Emergency childcare is also available at various sites throughout the country.

Section 5.4.1 (2) of the Code recommends that the Supervisory Board should set concrete objectives regarding its composition which, whilst taking into consideration the specific situation at the company, take into account the international activities of the company, potential conflicts of interest, the number of independent members of the Supervisory Board pursuant to section 5.4.2 of the Code, a specified age limit for members of the Supervisory Board and diversity. These concrete objectives should, in particular, stipulate an appropriate degree of female representation. The Supervisory Board of Commerzbank has approved the following concrete objectives:

- Maintaining the proportion of women on the Supervisory Board at 30% or more, on condition that the current proportion of female employee representatives is also maintained in the future.
- Retaining at least one international representative.
- Appointing members with expertise and knowledge of the Bank.
- Appointing members with particular knowledge and experience of the application of accounting principles and internal control procedures.
- Avoiding potential conflicts of interest.
- Ensuring that there are always at least eight independent members of the Supervisory Board elected by the Annual General Meeting pursuant to section 5.4.2 of the Code.
- Complying with the age limit of 72 years.

The Supervisory Board of Commerzbank consists of 20 members, including one international representative and six women – including the international representative – at present. The members of the Supervisory Board will be newly appointed at the Annual General Meeting in 2013. The Supervisory Board has complied with the above-mentioned objectives in suggesting nominations to the Annual General Meeting. The nominations are listed in the Report of the Supervisory Board on pages 14 to 19.



Suggestions of the German Corporate Governance Code

Commerzbank also largely complies with the suggestions of the German Corporate Governance Code, deviating from them in only a few points:

- In derogation of section 2.3.3, the proxy can only be reached up to the day prior to the Annual General Meeting. However, shareholders present or represented at the Annual General Meeting are able to give their proxy instructions at the meeting itself as well.
- In section 2.3.4, it is suggested that the Annual General Meeting be broadcast in its entirety on the Internet. Commerzbank broadcasts the speeches of the Chairman of the Supervisory Board and the Chairman of the Board of Managing Directors, but not the general debate. For one thing, a complete broadcast seems inappropriate given the length of annual general meetings; for another, a speaker's personal rights have to be considered.

Board of Managing Directors

The Commerzbank Board of Managing Directors is responsible for independently managing the Bank in the Bank's best interest. In so doing, it must take into account the interests of shareholders, customers, employees and other stakeholders, with the objective of sustainable value creation. It develops the company's strategy, agrees it with the Supervisory Board and ensures its implementation. In addition, it sees that efficient risk management and risk control measures are in place. The Board of Managing Directors conducts Commerzbank's business activities in accordance with the law, the Articles of Association, its rules of procedure, internal guidelines and the relevant employment contracts. It cooperates on a basis of trust with Commerzbank's other corporate bodies and with employee representatives.

The composition of the Board of Managing Directors and the responsibilities of its individual members are presented on page 12 of this Annual Report. The work of the Board of Managing Directors is specified in greater detail in its rules of procedure, which may be viewed on Commerzbank's website at <http://www.commerzbank.com>.

Extensive details of the remuneration paid to the members of the Board of Managing Directors are given in the Remuneration Report on pages 35 to 45.



› **Responsibilities of the Board of Managing Directors**
Page 12

› **Remuneration Report**
Page 35 ff.

Supervisory Board

The Supervisory Board advises and supervises the Board of Managing Directors in its management of the Bank. It appoints and dismisses members of the Board of Managing Directors and, together with the Board of Managing Directors, ensures that there is long-term succession planning. The Supervisory Board conducts its business activities in accordance with legal requirements, the Articles of Association and its rules of procedure; it cooperates closely and on a basis of trust with the Board of Managing Directors.

The composition of the Supervisory Board and its committees is presented on pages 20 to 22 of this Annual Report. Information on the work of this body, its structure and its control function is provided by the report of the Supervisory Board on pages 14 to 19. Further details of how the Supervisory Board and its committees conduct their work are set out in the rules of procedure of the Supervisory Board, which may be viewed on Commerzbank's website at <http://www.commerzbank.com>.

The Supervisory Board examines the efficiency of its activities every two years by means of a detailed questionnaire. In 2012, an efficiency audit was performed by means of a detailed questionnaire. The result of the audit was very positive. Suggestions from members of the Supervisory Board are taken into account for future activities.

Pursuant to Art. 3 (6) of the rules of procedure of the Supervisory Board, each member of the Supervisory Board must disclose any conflicts of interest. No member of the Supervisory Board disclosed a conflict of interest pursuant to section 5.5.2 of the German Corporate Governance Code in the year under review.

Details of the remuneration paid to the members of the Supervisory Board are given in the Remuneration Report on pages 45 to 47.

Accounting

Accounting at the Commerzbank Group gives a true and fair view of the net assets, financial position and earnings performance of the Group. It applies International Financial Reporting Standards (IFRS), while the parent company financial statements of Commerzbank Aktiengesellschaft are prepared under the rules of the German Commercial Code (HGB). The consolidated financial statements and the financial statements of the parent bank are prepared by the Board of Managing Directors and approved or adopted by the Supervisory Board. The audit is performed by the auditor elected by the Annual General Meeting.

The annual financial statements also include a detailed risk report, providing information on the Bank's responsible handling of the various types of risk. This appears on pages 131 to 178 of this annual report.

Shareholders and third parties receive additional information on the course of business during the financial year in the form of the semi-annual report as well as in two quarterly reports. These interim reports are also prepared in accordance with applicable international accounting standards.



› **Members of the Supervisory Board of Commerzbank Aktiengesellschaft**
Page 20 ff.

› **Report of the Supervisory Board**
Page 14 ff.



› **Remuneration Report**
Page 45 ff.



› **Group Risk Report**
Page 131 ff.

Shareholder relations, transparency and communication

The Annual General Meeting of shareholders takes place once a year. It decides upon the appropriation of distributable profit (as reported) and approves the actions of the Board of Managing Directors and the Supervisory Board, the appointment of the auditors and any amendments to the Articles of Association. If necessary, it authorises the Board of Managing Directors to undertake capital-raising measures and approves the signing of profit-and-loss transfer agreements. Each share entitles the holder to one vote.

In 2010 the Board of Managing Directors and the Supervisory Board, as is permitted under Art. 120 (4) of the German Stock Corporation Act, gave the Annual General Meeting the opportunity to vote on the approval of the remuneration system for members of the Board of Managing Directors. The 2010 Annual General Meeting approved the principles of the variable remuneration system and fixed basic annual salary for members of the Board of Managing Directors.

The Bank's shareholders may submit recommendations or other statements by letter or e-mail, or may present them in person. The Bank's head-office quality management unit is responsible for dealing with written communication. At the Annual General Meeting, the Board of Managing Directors or the Supervisory Board comment or reply directly. At the same time, shareholders may influence the course of the Annual General Meeting by means of counter-motions or supplementary motions to the agenda. Shareholders may also apply for an Extraordinary General Meeting to be convened. The reports and documents required by law for the Annual General Meeting, including the annual report, may be downloaded from the internet, and the same applies to the agenda for the Annual General Meeting and any counter-motions or supplementary motions.

Commerzbank informs the public – and consequently shareholders as well – about the Bank's financial position and earnings performance four times a year. Corporate news items that may affect the share price are also published in the form of ad hoc releases. This ensures that all shareholders are treated equally. The Board of Managing Directors reports on the annual financial statements and the quarterly results in press conferences and analysts' meetings. Commerzbank increasingly uses the possibilities offered by the internet for reporting purposes, offering a wealth of information about the Commerzbank Group at www.commerzbank.com. The financial calendar for the current and the forthcoming year is also published in the annual report and on the internet. This contains the dates of all significant financial communications and the date of the Annual General Meeting.

We feel an obligation to communicate openly and transparently with our shareholders and all other stakeholders. We intend to continue to meet this obligation in the future as well.



› IR news

www.commerzbank.com > Investor Relations > Publications and events

Remuneration Report

The following Remuneration Report is also part of the Management Report.

This report follows the recommendations of the German Corporate Governance Code and complies with the requirements of IFRS.

Board of Managing Directors

Main features of the remuneration system

The new remuneration system, in place since 1 January 2010, includes a fixed basic annual salary plus a Short Term Incentive (STI) and a Long Term Incentive (LTI) as variable remuneration components. The Annual General Meeting in 2010 approved the main features of variable remuneration and the fixed basic annual salary of members of the Board of Managing Directors pursuant to Art. 120 (4) of the German Companies Act (AktG).

On 9 August 2011, the Supervisory Board resolved to amend this system to meet the requirements of the Banking Remuneration Regulation (Instituts-Vergütungsverordnung). The amendment was subsequently implemented at a contractual level.

In addition, at the end of 2011/beginning of 2012, the Supervisory Board decided to amend the pension arrangements for the members of the Board of Managing Directors. In particular, the new provisions contain a contribution-based defined benefit scheme. Pension entitlement also now normally begins on the employee reaching the age of 65 instead of 62. The new pension contracts have been signed by all members of the Board of Managing Directors. The agreement originally reached with SoFFin for 2008 and 2009, which limits monetary remuneration for members of the Board of Managing Directors to €500,000 gross per member per year for their work for the Group (the SoFFin cap), remains in place for 2010 and 2011. Once the German Restructuring Act (Restrukturierungsgesetz) had come into effect in 2011, the legal duty to continue this cap ceased to exist, as the Bank had repaid more than half the recapitalisation amount. No SoFFin cap applied to 2012.

Fixed remuneration components (fixed basic annual salary)

The fixed remuneration components include the basic annual salary and non-monetary elements.

The fixed basic annual salary, which is paid in equal monthly amounts, is €750,000¹. The appropriateness of the fixed basic annual salary is checked at regular two-year intervals.

The non-monetary elements mainly consist of the use of a company car with driver, security measures and insurance contributions (accident insurance), as well as tax and social security contributions thereon.

Performance-related remuneration (variable remuneration)

The remuneration system includes performance-related variable remuneration components in the form of a Short Term Incentive worth €400,000 in total per member and a Long Term Incentive worth €600,000 in total per member. The target value of the variable salary com-

¹ The fixed basic annual salary for the Chairman of the Board of Managing Directors is €1,312,500.

ponents for a member of the Board of Managing Directors therefore totals €1m. The maximum goal achievement is 200%, which totals €800,000 for the Short Term Incentive and €1,200,000 for the Long Term Incentive¹. The minimum total value is €0 in each case.

Short Term Incentive (STI) The STI runs for one year. It consists of two equally weighted components: one linked to the STI performance component and one based on the economic value added (EVA)². Entitlement to receive a payment for the STI is suspended pending the approval of the annual financial statements for the year in question and confirmation of the achievement of the STI goals for the member of the Board of Managing Directors by the Supervisory Board. Thereafter, 50% of the STI payments fall due and are payable in cash, with the remaining 50% payable in Commerzbank shares (or a cash sum based on the value of the shares) at the end of a further 12-month waiting period. The over-all STI target is €400,000, and the targets for the individual components are €200,000 each. Goal achievement can in principle vary between 0% and 200%.

› **STI EVA component** For the STI EVA component, the Supervisory Board sets a target amount for the Group EVA after tax prior to the beginning of the financial year; this amount corresponds to a goal achievement of 100%. It also stipulates the EVA values which correspond to goal achievement of 0% and 200%. As a rule, investors' capital is incorporated into the basis for calculating EVA.

› **STI performance component** The individual performance of each member of the Board of Managing Directors is assessed from an overall perspective using criteria determined by the Supervisory Board prior to the beginning of the financial year in question.

Long Term Incentive (LTI) The LTI runs for four years. It consists of two equally weighted components: one linked to economic value added (EVA) (the LTI EVA component) and the other based on stock performance (the LTI equity component). Entitlement to receive a payment for the LTI is suspended pending the approval of the annual financial statements for the final year of the four-year term of the LTI in question and confirmation of the achievement of the LTI goals by the Supervisory Board. Thereafter, 50% of the LTI payments fall due and are payable in cash, with the remaining 50% payable in Commerzbank shares (or a cash sum based on the value of the shares) at the end of a further 12-month waiting period. The over-all LTI target is €600,000, and the targets for the individual components are €300,000 each. Goal achievement can range between 0% and 200%; each of the two components can therefore range between €0 and €600,000. The provisional LTI payout sum of both LTI components will be increased or reduced by half the percentage by which the goals for the STI performance component are over- or underachieved in the first year of the four-year LTI term (goal achievement = 100%). This adjustment cannot exceed $\pm 20\%$ of the original target for the LTI components. A prerequisite for the LTI is that the individual member of the Board of Managing Directors makes a long-term personal investment in Commerzbank shares of €350,000. Up until the personal investment target has been reached, 50% of net payments from the LTI must be invested in Commerzbank shares.

¹ The target values for the Chairman of the Board of Managing Directors are 1.75 times the amounts specified.

² EVA is the consolidated surplus after tax and non-controlling interests less the Bank's capital costs (product of investors' capital excluding minority interests and capital cost rate after tax).

› **LTI equity component** The provisional payout sum of the LTI equity component is calculated based firstly on the relative total shareholder return (TSR) performance of Commerzbank (compared with the TSR performance of other banks in the Dow Jones EURO STOXX Banks Index) and secondly on the absolute price performance of Commerzbank shares. Prior to the commencement of the LTI term, the Supervisory Board specifies the number of Commerzbank shares that the member of the Board of Managing Directors will receive upon 100% goal achievement following the end of the four-year LTI term. The Board also defines which TSR-related ranking of Commerzbank (compared with the other relevant banks) corresponds to which goal achievements. The relative TSR performance thus determines the number of virtually assigned shares; the absolute price performance of Commerzbank shares during the LTI term determines their value, which can be paid out in cash in place of a transfer of shares.

› **LTI EVA component** The target figures of the EVA-based LTI component are set by the Supervisory Board in advance for the entire LTI term and may differ for the individual years over the term. The Supervisory Board also determines which EVA amounts correspond to which goal achievements. The goal achievement is set each year during the four-year LTI term; as a rule, the goal achievement for the individual years can lie between –100% and +200% from 2012 onwards. After the end of the four-year LTI term, the Supervisory Board determines average goal achievement, which can range between 0% and 200%, and the resulting provisional payout sum.

In the event of exceptional developments that may have a considerable impact on the achievability of the STI or LTI target figures, the Supervisory Board can neutralise any positive or negative impact by adjusting the targets.

Long-Term Performance Plans Members of the Board of Managing Directors and other executives and selected staff of the Group used to be able to participate in long-term performance plans (LTPs). The last time an LTP was offered was 2008, although the members of the Board of Directors had already deregistered all their shares acquired under the 2008 LTP in February 2009. Therefore, the only plan still running in 2012 was the 2007 LTP, which expired in 2012 without a payout.

Remuneration of the Chairman of the Board of Managing Directors

The fixed basic annual salary and the target figures for the variable remuneration components for the Chairman of the Board of Managing Directors are set at 1.75 times the amounts specified for members of the Board.

Remuneration for serving on the boards of consolidated companies

The remuneration accruing to an individual member of the Board of Managing Directors from serving on the boards of consolidated companies counts towards the total remuneration paid to that member of the Board of Managing Directors. Any offsetting takes place on the designated payment date following the Annual General Meeting that approves the financial statements for the financial year in which the member of the Board of Managing Directors received payments arising from Group mandates.

In the past, remuneration for serving on the boards of consolidated companies paid in any given financial year counted in full against the SoFFin cap of the previous year. For this reason, this remuneration is allocated to the previous year in the table under “Summary”. If the remuneration for serving on the boards of consolidated companies resulted in a member of the Board of Managing Directors receiving total monetary remuneration in excess of €500,000, it was transferred to Commerzbank.

Pensions

In 2011, the Supervisory Board decided to adopt a new occupational pension scheme for members of the Board of Managing Directors. The new provisions now contain a contribution-based defined benefit scheme.

Under the new modular system, each member of the Board of Managing Directors is assigned an initial module for the time served on the Bank’s Board of Managing Directors prior to the conversion date of 1 January 2011. This module is posted to a pension account. In the time between the conversion date and the end of the appointment as a member of the Bank’s Board of Managing Directors, the initial module is automatically adjusted.

For the period between the conversion date and the end of the appointment as a member of the Bank’s Board of Managing Directors, a pension module is credited to the pension account each year. The pension module for a calendar year is calculated by converting the relevant annual contribution into an entitlement to a retirement, disability and surviving dependants’ pension using a conversion table. When the new compensation system was introduced in 2010, the level of pension benefits was not adjusted. When the new pension scheme was introduced in 2011, the initial module and the pension modules were set so as to achieve equivalence to the commitments previously made to the members of the Board of Managing Directors.

Specifically, the member of the Board of Managing Directors is entitled to receive pension benefits in the form of a life-long pension when one of the following pensions is due:

- a retirement pension if employment ends on or after the Board member reaches the age of 65, or
- an early retirement pension if employment ends on or after the Board member reaches the age of 62, or after the Board member has served at least 10 years on the Board of Managing Directors and has reached the age of 58, or has served at least 15 years on the Board of Managing Directors, or
- a disability pension if the Board member is permanently unable to work.

The monthly amount of the retirement pension is calculated as a twelfth of the amount in the pension account when the pension benefits start.

When calculating the early retirement pension, the pension will be reduced to reflect the fact that the payments are starting earlier.

If the disability pension is taken before the age of 55, the monthly amount is supplemented by an additional amount.

Instead of an ongoing pension, members of the Board of Managing Directors can elect to receive a lump-sum payment or nine annual instalments if they retire after reaching the age of 62. In this case, the amount paid out is calculated using a capitalisation rate based on the age of the Board member.

Instead of their pension, members of the Board of Managing Directors will continue to receive their pro-rata basic salary for six months as a form of transitional pay if they leave the Board on or after celebrating their 62nd birthday or they are permanently unable to work. If a member of the Board receives an early retirement pension before reaching the age of 62, half of any income received from other activities will be set off against the pension entitlements.

As under the previous scheme, the widow's pension amounts to 66% of the pension entitlement of the member of the Board of Managing Directors. If no widow's pension is paid, minors or children still in full-time education are entitled to an orphan's pension amounting to 25% each of the pension entitlement of the member of the Board of Managing Directors, subject to a maximum overall limit of the widow's pension.

The pension agreement for newly appointed members of the Board of Managing Directors was defined according to the Commerzbank capital plan and was approved by the Supervisory Board on 2 December 2011. Under this agreement, a retirement pension in the form of a capital payment is paid out if the member of the Board of Managing Directors leaves the Bank:

- on or after their 65th birthday (retirement capital),
- on or after their 62nd birthday (early retirement capital) or
- before their 62nd birthday because they are permanently unable to work.

For each calendar year during the current employment relationship until pension benefits start to be paid out, each member of the Board of Managing Directors is credited an annual module equating to 40% of the fixed basic annual salary (annual contribution), multiplied by an age-dependent conversion factor. Until the member of the Board of Managing Directors leaves the Bank, the annual modules are managed in a pension account. Upon reaching their 61st birthday, an additional 2.5% of the amount in the pension account at 31 December of the previous year is credited to the member of the Board of Managing Directors on an annual basis until the pension benefits start to be paid out.

A portion of the annual contribution – determined by the age of the member of the Board of Managing Directors – is placed in investment funds and maintained in a virtual custody account for the Board member.

The retirement capital or the early retirement capital will correspond to the amount in the virtual custody account or the amount in the pension account when the pension benefits start to be paid out, whichever is higher.

For the first two months after the pension benefits become due, the member of the Board of Managing Directors will receive transitional pay of one twelfth of their fixed basic annual salary per month.

If a member of the Board of Managing Directors dies before the pension benefits become due, their dependants are entitled to receive the dependants' capital, which corresponds to the amount in the virtual custody account on the value date or the sum of the amount in the pension account and any additional amount, whichever is higher. An additional amount is payable if, at the time when pension benefits became due through inability to work or at the time of death, the Board member had served at least five consecutive years on the Bank's Board of Managing Directors and had not yet reached their 55th birthday.

The following table shows for active members of the Board of Directors the annual pension entitlements at pensionable age of 62 on 31 December 2012, the actuarial net present values on 31 December 2012 and the interest rate-adjusted changes in the settlement amounts for 2012:

Table 2

€1,000	Pension entitlements Projected annual pension at pension- able age of 62 As at 31.12.2012	Cash value of pension entitlements As at 31.12.2012	Working time expenses
Martin Blessing	240	4,407	371
Frank Annuscheit	107	1,872	332
Markus Beumer	99	1,678	302
Stephan Engels	18 ¹	244	244 ²
Jochen Klösger	83	1,346	324
Michael Reuther	140	2,677	377
Dr. Stefan Schmittmann	135	2,586	533
Ulrich Sieber	79	1,275	308
Martin Zielke	67	1,061	395
Total		17,146	3,186

¹ Annuitised.

² Pro-rate for nine months.

The assets backing these pension obligations have been transferred under a contractual trust arrangement to Commerzbank Pension-Trust e. V.

As at 31 December 2012, pension obligations (defined benefit obligations) for members of the Commerzbank Aktiengesellschaft Board of Managing Directors active on the reporting date amounted to a total of €17.1m (previous year: €11.8m; see table detailing individual entitlements). After deduction of plan assets transferred and after allowing for actuarial gains and losses, the asset surplus in respect of active members of the Board of Managing Directors amounted to €0.1m on 31 December 2012 (previous year: provisions for pension obligations amounted to €0.2m).

Change of control

The remuneration system for the Board of Managing Directors introduced in 2010 contains no change of control clauses. Only one member of the Board of Managing Directors still has an employment contract that contains a change of control clause. This will expire at the end of the current term of office of the Board member concerned on 31 March 2012.

Other regulations

If appointment to the Board of Managing Directors ends prematurely, the employment contract usually expires six months after the Board member's appointment ends (linking clause). In this case, the Board member continues to receive the fixed basic annual salary, STIs and LTIs – subject to Art. 615 (2) of the German Civil Code – until the end of the original term of office, but the maximum total amount is capped at two years' annual remuneration.

If the contract of employment is not extended upon expiry of the current term of office, without there being good cause in accordance with Art. 626 of the German Civil Code, or if the contract of employment ends as a result of a linking clause as described above, the Board member will also continue to receive his or her fixed basic salary for a period of six months after the end of the original term of office (transitional pay). This continuation of salary ceases as soon as the Board member starts to receive pension payments.

29 Corporate governance report
 35 Remuneration Report
 48 Details pursuant to Art. 315 of the German Commercial Code (HGB)
 57 Corporate Responsibility

If the contract of employment is terminated for reasons other than the linking clause described above, the fixed basic annual salary will continue to be paid – on a pro-rata basis where applicable – until the end of the contract of employment. The STIs and LTIs awarded for financial years prior to the termination of the contract of employment remain unaffected. The STI and LTI payments for the final year in office, to be determined at the end of the term, are reduced on a pro-rata basis.

If the Bank terminates the term in office prematurely or does not extend the appointment at the end of the term in office due to circumstances that fulfil the requirements of Art. 626 of the German Civil Code, there is no longer any entitlement to STIs and LTIs awarded for the financial year in which the term of office was terminated.

Any amounts paid for the time after the effective termination of the term of office may not exceed two years' annual remuneration (cap). Payments relating to STIs and LTIs awarded for the financial year in which the term of office was terminated also count towards the cap on a pro-rata basis.

No members of the Board of Managing Directors received payments or promises of payment from third parties in the past financial year in respect of their work as a member of the Board of Managing Directors; the same applies to payments or promises of payment from companies with which the Commerzbank Group has a significant business relationship.

Summary

The agreement originally reached with SoFFin for 2008 and 2009, which limits monetary remuneration for members of the Board of Managing Directors to €500,000 gross per member per year for their work for the Group, remained in place for 2010 and 2011. Once the German Restructuring Act (Restrukturierungsgesetz) had come into effect in 2011, the legal duty to continue this cap ceased to exist, as the Bank had repaid more than half the recapitalisation amount. No SoFFin cap applied to 2012.

For a better overall understanding of the Board of Directors' remuneration, the following table shows the average total monetary remuneration of a member of the Board of Managing Directors (excluding the Chairman) in 2012 (short-term and actually expected long-term remuneration excluding non-monetary elements and in particular compensation payments) as well as the corresponding average amounts for 2005 to 2007 (excluding SoFFin cap) and for 2008 to 2011 (cap for monetary remuneration of €500,000 p.a.). The table shows that the annual remuneration of members of the Board of Managing Directors in 2012 at 100% goal achievement would be about €150,000 below the average remuneration in 2005 to 2007.

Figure 2

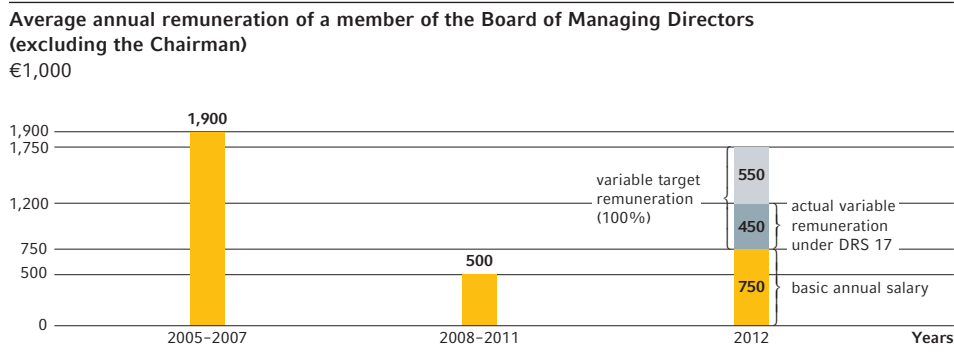


Table 3

Remuneration of the individual members of the Board of Managing Directors for 2012 and in comparison with 2011

€1,000	Fixed components				Performance-related components short-term incentive (STI)			
	Basic salary	Remuneration for serving as a director ²	Offsetting of payments arising from Group mandates in the following year ²	Other ³	Variable remuneration in cash ⁴		Variable remuneration with settlement in shares ⁵	
					dependent on EVA target achievement	dependent on achievement of individual targets	dependent on EVA target achievement	dependent on achievement of individual targets
Martin Blessing	2012	1,313	–	–	79	–	–	–
	2011	500	–	–	69	–	–	–
Frank Annuscheit	2012	750	–	–	47	–	50	100
	2011	500	–	–	50	–	–	–
Markus Beumer	2012	750	–	–	39	–	65	100
	2011	500	–	–	59	–	–	–
Stephan Engels	2012 ¹	563	32	–32	1,515	–	41	75
	2011	–	–	–	–	–	–	–
Dr. Achim Kassow	2012	–	–	–	–	–	–	–
	2011 ¹	292	–	–	44	–	–	–
Jochen Klösches	2012	750	–	–	36	–	40	100
	2011	500	–	–	39	–	–	–
Michael Reuther	2012	750	–	–	69	–	50	100
	2011	500	–	–	69	–	–	–
Dr. Stefan Schmittmann	2012	750	–	–	49	–	45	100
	2011	500	–	–	46	–	–	–
Ulrich Sieber	2012	750	50	–50	59	–	50	100
	2011	500	–	–	68	–	–	–
Dr. Eric Strutz	2012 ¹	187	10	–10	15	–	13	25
	2011	500	–	–	33	–	–	–
Martin Zielke	2012	750	–	–	62	–	45	100
	2011	500	–	–	74	–	–	–
Total	2012	7,313	92	–92	1,970	–	399	800
	2011	4,792	–	–	551	–	–	–

¹ Pro rata temporis from the date of appointment or up to the date of departure from the Board.

² Payments arising from Group mandates are offset against the total remuneration paid to that member of the Board of Managing Directors in the following year. Offsetting in 2013 is therefore already shown in 2012. Owing to the SoFFin cap, these payments were allocated to the previous year in each year up to and including 2011.

³ The heading "Other" includes non-monetary benefits granted in 2012, tax due on non-monetary benefits and employer contributions to the BVV occupational retirement fund. Also shown here is the compensation paid to Mr Engels for the loss of his Daimler-Phantom shares following his move to Commerzbank Aktiengesellschaft (€1,266,000).

⁴ Payable in each case in the following year after approval of the annual financial statements for the financial year just ended. "EVA target achievement" means achievement of the 2012 economic value added (EVA) target set for the Commerzbank Group in 2011.

⁵ Share-based payments are initially calculated on a provisional basis. Except in the case of cash settlement, the number of shares to be granted is subsequently calculated by dividing by a future average share price. Under DRS 17, remuneration components are shown in part at the originally expected target achievement of 100%, irrespective of their actual performance.

29 Corporate governance report

35 Remuneration Report

48 Details pursuant to Art. 315 of the German Commercial Code (HGB)

57 Corporate Responsibility

€1,000	Performance-related components long-term incentive (LTI)				Total remuneration under DRS 17 ⁷
	Variable remuneration in cash ⁶	Variable remuneration ⁵		Total	
		Cash-settled share-based remuneration	With settlement in shares		
	dependent on EVA target achievement in the four- year period	dependent on share price and TSR performance in the four- year period	dependent on EVA target achievement in the four- year period	dependent on share price and TSR performance in the four- year period	
Martin Blessing	2012	–	–	–	1,392
	2011	–	–	–	569
Frank Annuscheit	2012	–	150	–	1,247
	2011	–	–	–	550
Markus Beumer	2012	–	150	–	1,254
	2011	–	–	–	559
Stephan Engels	2012 ¹	–	113	–	2,420
	2011	–	–	–	–
Dr. Achim Kassow	2012	–	–	–	–
	2011 ¹	–	–	–	336
Jochen Klösches	2012	–	150	–	1,226
	2011	–	–	–	539
Michael Reuther	2012	–	150	–	1,269
	2011	–	–	–	569
Dr. Stefan Schmittmann	2012	–	150	–	1,244
	2011	–	–	–	546
Ulrich Sieber	2012	–	150	–	1,259
	2011	–	–	–	568
Dr. Eric Strutz	2012 ¹	–	37	–	314
	2011	–	–	–	533
Martin Zielke	2012	–	150	–	1,257
	2011	–	–	–	574
Total	2012	–	1,200	–	12,882
	2011	–	–	–	5,343

⁶ Payments are dependent in particular on the development of economic value added (EVA) over a four-year period and are made in the following year subject to approval of the annual financial statements for the last year of this four-year period, and therefore for the first time in 2016 for financial years 2012 to 2015. Possible payments for 2012 range from €0 to €300,000 for a member of the Board of Managing Directors and from €0 to €525,000 for the Chairman of the Board of Managing Directors; this also applies pro rata temporis to Dr Strutz, who left the Bank in financial year 2012. No payments will in fact be made for financial years 2012 to 2015.

⁷ Total remuneration under DRS 17 contains the share-based remuneration components, partly with an expected target achievement of 100% at the grant date. Total remuneration under DRS 17 does not however include the possible long-term variable remuneration, but only payments actually received (see footnote 6).

The actual average total remuneration of a member of the Board of Managing Directors in 2012 pursuant to GAS 17 was approximately €1,200,000 and therefore 31% below the target of €1,750,000.

Compared with the reduced remuneration under the SoFFin cap in 2008 to 2011, the amount in 2012 was an increase, but compared with average remuneration in 2005 to 2007, it represented a substantial decrease of around €700,000 or more than 35% per member of the Board of Managing Directors.

Remuneration of the individual members of the Board of Managing Directors for 2012 is shown in Table 3, along with the comparative figures from 2011.

Table 3 shows the amounts under DRS 17, which specifies the requirements with regard to reporting the remuneration of the Board of Managing Directors. Under DRS 17, the share-based “performance-based STI component”, where paid in shares, and the “share-based LTI component”, where paid in cash and in shares, must be shown at their original value at the time they were granted at the beginning of 2012, regardless of their actual change in value. They therefore reflect remuneration at 100% goal achievement. As part of his special responsibility as Chairman of the Board of Managing Directors, Martin Blessing informed the Supervisory Board that he would forego his entitlement to performance-related variable remuneration for 2012. Furthermore, all members of the Board of Managing Directors formally waived the STI and LTI components related to Economic Value Added (EVA) so that the amounts shown in the Table 3 for these components, which would have created no STI claims and probably only small LTI claims, would be realistic and not just theoretical (this waiver was also taken into account in the above-mentioned average total remuneration in 2012 under DRS 17).

In addition to the total payments shown in Table 3, Dr. Strutz, after termination of his activities at the end of March, received the contractually agreed compensation of €250,000 for complying with the non-competition clause and the contractually agreed transitional pay totalling €375,000.

Under IFRS 2, share-based payments settled in shares and EVA-based payments settled in shares must be treated as equity-neutral, and in respect of future performance in the years 2013 to 2015 they should be taken at their original value at the time they were granted at the beginning of 2012, regardless of the decision of the members of the Board of Managing Directors to waive them (IFRS 2.28(a)). In 2012 they amounted to €2,269,000; of this total, €407,000 was for Mr. Blessing, €59,000 for Dr. Strutz, €178,000 for Mr. Engels, €232,000 each for Messrs. Annuscheit, Reuther and Sieber, €253,000 for Mr. Beumer, €222,000 for Mr. Klösges, and €227,000 each for Dr. Schmittmann and Mr. Zielke; in the previous year €0 in each case. In fact the remuneration payments will be significantly lower than these amounts; the Bank is expecting the amount for all members of the Board of Managing Directors to come to €1,120,000 in total.

Share-based payments settled in cash and recognised as an expense in accordance with IFRS 2 came to €722,000 in 2012; of this total, €0 was for Mr. Blessing because of his waiver, €22,000 for Dr. Strutz, €67,000 for Mr. Engels, €93,000 for Mr. Beumer, and €90,000 each for all other current members of the Board of Managing Directors; in the previous year €0 in each case.



› Table
Page 42 f.

Loans to members of the Board of Managing Directors

Members of the Board of Managing Directors have been granted cash advances and loans with terms ranging from on demand to a due date of 2042 and at interest rates ranging between 2.1% and 7.6%, for amounts overdrawn in certain cases up to 13.2%. Loans are secured on a normal market basis, if necessary through land charges and rights of lien.

As at the reporting date, the aggregate amount of loans granted to members of the Board of Managing Directors was €4,008,000 compared with €1,773,000 in the previous year. With the exception of rental guarantees, the members of the Board of Managing Directors did not have any contingent liabilities relating to Commerzbank Group companies in the year under review.

Supervisory Board

Principles of the remuneration system and remuneration for financial year 2012

The remuneration of the Supervisory Board is regulated in Art. 15 of the Articles of Association; the current version was approved by the AGM on 16 May 2007. This grants members of the Supervisory Board basic remuneration for each financial year, in addition to compensation for out-of-pocket expenses, comprising:

- fixed remuneration of €40,000 per year and
- a variable bonus of €3,000 per year for each €0.05 of dividend in excess of a dividend of €0.10 per share distributed to shareholders for the financial year just ended.

The Chairman receives triple and the Deputy Chairman double the aforementioned basic remuneration. For membership of a committee of the Supervisory Board, which meets at least twice in any calendar year, the committee chairman receives additional remuneration in the amount of the basic remuneration and each committee member in the amount of half the basic remuneration; this additional remuneration is paid for a maximum of three committee appointments. In addition, each member of the Supervisory Board receives an attendance fee of €1,500 for every meeting of the Supervisory Board or one of its committees. The fixed remuneration and attendance fees are payable at the end of each financial year and the variable remuneration after the Annual General Meeting that passes a resolution approving the actions of the Supervisory Board for the financial year concerned. The value-added tax payable on the remuneration is reimbursed by the Bank.

As Commerzbank will not pay a dividend in 2012, variable remuneration is not payable for the financial year 2012. The members of the Supervisory Board therefore received total net remuneration of €1,640,000 for the financial year 2012 (previous year: €1,619,000). Of this figure, the basic remuneration and remuneration for serving on committees amounted to €1,251,000 (previous year: €1,199,000) and attendance fees to €389,000 (previous year: €420,000). The value added tax (currently 19%) payable on the remuneration of the members of the Supervisory Board resident in Germany was reimbursed by Commerzbank Aktiengesellschaft.

The remuneration is divided between the individual members of the Supervisory Board as follows:

Table 4

2012 €1,000	Fixed remuneration	Variable remuneration	Attendance fee	Total
Klaus-Peter Müller	200	–	37.5	237.5
Uwe Tschäge	100	–	27.0	127.0
Hans-Hermann Altenschmidt	80	–	36.0	116.0
Dott. Sergio Balbinot (until 23 May 2012) ¹	–	–	–	–
Dr.-Ing. Burckhard Bergmann	40	–	13.5	53.5
Dr. Nikolaus von Bomhard	40	–	12.0	52.0
Karin van Brummelen	60	–	25.5	85.5
Astrid Evers	40	–	13.5	53.5
Uwe Foullong	40	–	12.0	52.0
Daniel Hampel	40	–	13.5	53.5
Dr.-Ing. Otto Happel	60	–	13.5	73.5
Beate Hoffmann	40	–	10.5	50.5
Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel	60	–	22.5	82.5
Alexandra Krieger	40	–	13.5	53.5
Dr. h. c. Edgar Meister	80	–	33.0	113.0
Prof. h. c. (CHN) Dr. rer. oec. Ulrich Middelmann	60	–	22.5	82.5
Dr. Helmut Perlet	100	–	28.5	128.5
Barbara Priester	40	–	13.5	53.5
Mark Roach	40	–	12.0	52.0
Dr. Marcus Schenck	60	–	18.0	78.0
Dr. Gertrude Tumpel-Gugerell (since 1 June 2012)	31	–	10.5	41.5
Total 2012	1,251	–	388.5	1,639.5
Total 2011	1,199	–	420.0	1,619.0

¹ Dott. Balbinot renounced his remuneration in the 2011 and 2012 financial years.

Members of the Supervisory Board once again provided no advisory, intermediary or other personal services in 2012. Accordingly, no additional remuneration was paid.

Loans to members of the Supervisory Board

Members of the Supervisory Board have been granted loans with terms ranging from on demand up to a due date of 2038 and at interest rates ranging between 2.5% and 6.3%, and on amounts overdrawn in certain cases up to 10.1%. Collateral security is provided on normal market terms, if necessary through land charges or rights of lien.

As at the reporting date, the aggregate amount of loans granted to members of the Supervisory Board was €605,000; last year, the figure was €322,000. The members of the Supervisory Board did not have any contingent liabilities relating to Commerzbank Group companies in the year under review.

Other details

D&O liability insurance

There is a Directors and Officers (D&O) liability insurance policy for members of the Board of Managing Directors and the Supervisory Board. The excess for members of the Supervisory Board and the Board of Managing Directors is set at 10% of the claim up to a maximum of 150% of the fixed annual remuneration for all insurance claims made within a single year.

Purchase and sale of the Company's shares

Under Art. 15 a of the German Securities Trading Act, transactions by executives of listed companies and their families must be disclosed and published. Accordingly, purchases and disposals of shares and financial instruments relating to Commerzbank to the value of €5,000 per annum and upwards must be reported immediately and for the duration of one month. The Bank applies this reporting requirement to the Board of Managing Directors and the Supervisory Board in line with BaFin's recommendations in the Guide for Issuers.

In 2012, members of Commerzbank's Board of Managing Directors (BMD) and Supervisory Board (SB) reported directors' dealings in Commerzbank shares or derivatives thereon:¹

Table 5

Date	Disclosing party	Relation	Participant	Purchase/ Sale	Amount	Price €	Transaction volume €
2.7.2012	Hans-Hermann Altenschmidt		Member of SB	Purchase	6,370	1.21104	7,714.32
2.7.2012	Daniel Hampel		Member of SB	Purchase	1,744	1.21104	2,112.05
2.7.2012	Beate Hoffmann		Member of SB	Purchase	2,180	1.21104	2,640.07
2.7.2012	Karin van Brummelen		Member of SB	Purchase	4,955	1.21104	6,000.70
2.7.2012	Uwe Tschäge		Member of SB	Purchase	13,328	1.21104	16,140.74
2.7.2012	Uwe Tschäge		Member of SB	Sale	13,328	1.26048	16,799.68
2.7.2012	Silke Tschäge for Uwe Tschäge	x	Member of SB	Purchase	4,469	1.21104	5,412.14
2.7.2012	Silke Tschäge for Uwe Tschäge	x	Member of SB	Sale	4,469	1.26048	5,633.09
2.7.2012	Astrid Evers		Member of SB	Purchase	5,568	1.21104	6,743.07
2.7.2012	Astrid Evers		Member of SB	Sale	5,568	1.26048	7,018.35
28.8.2012	Daniel Hampel		Member of SB	Purchase	5,256	1.26900	6,669.86
21.11.2012	Daniel Hampel		Member of SB	Purchase	3,000	1.28900	3,867.00

Overall, the Board of Managing Directors and Supervisory Board together held no more than 1% of the issued shares and option rights of Commerzbank Aktiengesellschaft on 31 December 2012.

Frankfurt am Main

Commerzbank Aktiengesellschaft

The Board of Managing Directors

The Supervisory Board

¹ The directors' dealings were published on Commerzbank's website under "Directors' Dealings" in 2012.